

VZCZCXRO4077
PP RUEHCN RUEHGH
DE RUEHGH #0154 1130350
ZNY CCCCC ZZH
P R 220350Z APR 08
FM AMCONSUL SHANGHAI
TO RUEHC/SECSTATE WASHDC PRIORITY 6827
INFO RUEHBJ/AMEMBASSY BEIJING 1838
RUEHSH/AMCONSUL SHENYANG 1205
RUEHHK/AMCONSUL HONG KONG 1338
RUEHGZ/AMCONSUL GUANGZHOU 1178
RUEHCN/AMCONSUL CHENGDU 1207
RUEHIN/AIT TAIPEI 1017
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RHEHAAA/NATIONAL SECURITY COUNCIL WASHINGTON DC
RUEHGH/AMCONSUL SHANGHAI 7377

C O N F I D E N T I A L SHANGHAI 000154

SIPDIS

SIPDIS

NSC FOR KURT TONG

E.O. 12958: DECL: 4/22/2033

TAGS: [PGOV](#) [PHUM](#) [PREL](#) [ECON](#) [KIPR](#) [CH](#)

SUBJECT: YIWU PARTY SECRETARY ON IPR, RMB APPRECIATION, AND TIBET

CLASSIFIED BY: Kenneth Jarrett, Consul General , Consulate
General of the United States Shanghai, Department of State.

REASON: 1.4 (b), (d)

¶1. (SBU) On April 18, the Consul General (CG) hosted Yiwu Party Secretary Wu Weirong for lunch in Shanghai. Yiwu, a city in

SIPDIS

central Zhejiang Province of 1.6 million people, claims to be home to the biggest small commodity wholesale market in the world. Yiwu also has a reputation for being a distribution center for IP infringing goods. The lunch discussion focused on intellectual property (IP), economic developments, and current events in China. Wu emphasized Yiwu's commitment to protecting IPR, noting it was an integral part of promoting innovation and creativity, a major focus of his government. Yiwu's special IP court, which combines administrative, judicial and criminal enforcement, is now operating, but Wu did not have any statistics on the number and type of court cases. Wu said Yiwu is providing special training to judges to increase their effectiveness in handling IPR-related cases. According to Wu, the city is also making a special effort to ensure there are IPR complaint centers at the city's several large, yearly trade fairs. Although the city does not currently produce an IPR white paper, Wu agreed it would be a good way to publicize the city's efforts to protect IPR.

¶2. (SBU) On other economic issues, Wu learned that the appreciation of the RMB against the dollar had a serious negative impact on exporter-oriented manufacturers and traders around Yiwu. Most contracts were in U.S. dollars, even if the goods were headed to places other than the United States. (FYI: Yiwu's biggest customers were actually in Korea and the Middle East.) Thus, many manufacturers were reluctant to sign large contracts or long-term deals out of fear that by the time they received payment, RMB appreciation would eliminate any profit they had hoped to eke out of the deal. This reflected the tight margins common among Yiwu's traders and manufacturers, Wu explained. Surprisingly, there were few bankruptcies among the many Yiwu small commodity manufacturers as compared with textile producers in Guangdong. Still, they felt tremendous pressure between the exchange issue and increasing domestic inflation.

¶3. (SBU) Party Secretary Wu also spoke at length about Yiwu's efforts to balance economic development with environmental

protection. According to Wu, Zhejiang Province sets certain environmental targets, and the cities are under a great deal of pressure to meet them. This pressure was both top down from provincial leaders and bottom up from local residents. Wu described Yiwu's use of technology to monitor waste levels from factories in order to comply with the targets. He complained that America leads in this kind of environmental technology but is unwilling to sell it. The CG assured Wu that the United States was eager to sell environmental technology to China but that one of the obstacles was high tariffs imposed by the Chinese government.

14. (SBU) Wu offered a straight Party line version - spoken with utter conviction -- of current problems in Tibet, adding that most Westerners do not understand Tibet or China. He spoke in strong terms about foreign politicians who he asserted just want to score political points by criticizing China. Wu emphasized that all factions of Chinese society are united on the Tibet issue and China has brought great economic development to the region. He pointed to many other minorities, such as the Hui and Manchu, as models for how they are celebrated and thrive in China. He blamed the "Dalai Lama clique" for the recent problems and believed that the Dalai Lama definitely played a key role in the recent troubles. Our efforts to engage Wu on each of these points only fell on deaf ears.

15. (C) Comment. Wu, age 44, is an energetic, savvy, business-minded leader and has had a rapid rise in the Communist Party. He previously served as the Yiwu Mayor until he was promoted to become the Party Secretary last year. His openness and awareness of IP, economic, and environmental issues stood in stark contrast to his views on Tibet. When the conversation segued into Tibet, it was as if we had switched to the Xinhua propaganda machine. Wu fluently and wholeheartedly endorsed party line on Tibet. His comments are indicative of how deep-seated nationalist feelings about Tibet are among the Han Chinese.

JARRETT